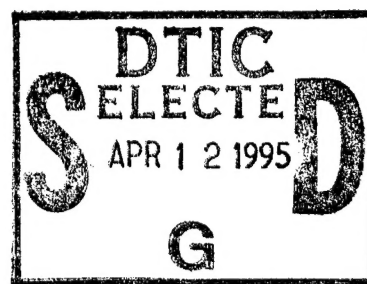


NAVAL POSTGRADUATE SCHOOL MONTEREY, CALIFORNIA



THESIS

FINANCIAL IMPLICATIONS OF DOD PARTICIPATION IN PEACEKEEPING OPERATIONS

by

Brian Patrick Casey

December, 1994

Thesis Advisor:

James M. Fremgen

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FINANCIAL IMPLICATIONS OF DOD PARTICIPATION IN
PEACEKEEPING OPERATIONS

by

Brian Patrick Casey
Lieutenant Commander, United States Navy
B.A., Yale University, 1983

Submitted in partial fulfillment
of the requirements for the degree of

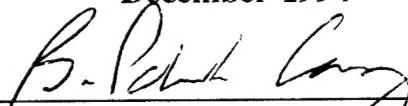
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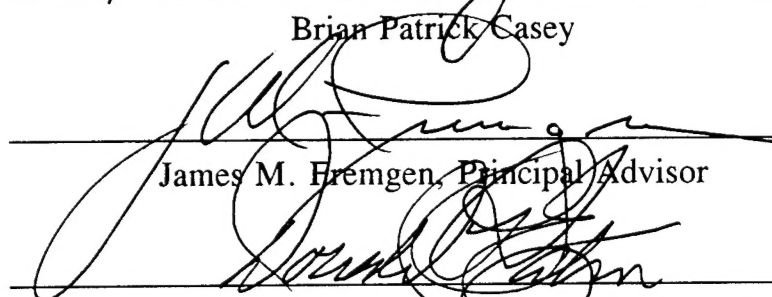
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Brian Patrick Casey

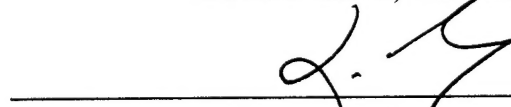
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James M. Fremgen, Principal Advisor



Donald Eaton, Associate Advisor



David R. Whipple, Chairman
Department of Systems Management

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ABSTRACT

The number and cost of United Nations' sanctioned peacekeeping operations is growing steadily. U.S. requirements to fund these operations come from two sources: assessed contributions to the UN through the State Department budget and the incremental costs of DoD participation in them. Contingent and nontraditional operations such as peacekeeping are not budgeted for by DoD. This thesis examines the process by which peacekeeping operations are established and funded by the UN and the related financial impacts and implications for DoD involvement in them. The thesis provides essential background into the current processes which authorize and finance peacekeeping operations at the United Nations and U.S. government levels, shows the financial impacts of DoD participation, and suggests four alternative ways to finance DoD participation. DoD incurred more than \$1.4 billion in unbudgeted costs for peacekeeping and other contingency operations in FY 94. By expanding existing financial authorities, establishing a special transfer account or revolving fund, or directly providing funds to the services, the undesired impacts in other mission areas will be minimized.

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I. INTRODUCTION

Establishing Peacekeeping operations¹ under the authority of the United Nations is a growing practice. Since 1948, the United Nations Security Council (UNSC) has mandated 33 peacekeeping operations, of which the 17 listed in Table 1 are currently underway. In fact, 13 of the existing 17 missions have been established since 1991. [Ref. 1] This increase in United Nations peacekeeping operations can be attributed to the dissolution of the Soviet Union, whose cooperation in the UNSC is now more likely but whose absence is the cause of some world instability, and to the success of coalition forces in Desert Shield/Desert Storm (DS/DS) in ejecting Iraq from Kuwait. The post DS/DS United Nations is building on the success of the coalition during the Gulf War and is becoming increasingly active in peace operations around the world.

This renewed vitality of the UN and the accelerated pace of new UNSC mandated peacekeeping operations has come with a concomitant skyrocketing of associated costs. The total cost of all UN operations to date is estimated at \$9.4 billion. However, the annual cost of the existing 17 operations is estimated to be \$3.2 billion. [Ref. 2] This is a far cry from as recently as 1988, when the annual cost for United Nations peacekeeping was nearly \$268 million. In 1988 the estimated cost to the United States was about \$37 million; for calendar year 1993 it was almost \$722 million. [Ref. 3, p.1]

¹What has been commonly referred to as "traditional" peacekeeping operations (that is, soldiers sent into an area at the request of both belligerents to maintain a truce or cease-fire) has evolved into an increasing number of nontraditional missions. These include peacekeeping, peace enforcement, peace making, peace building and preventive diplomacy. For the purpose of this thesis, the distinctions among, and nuances in these terms are not the issue. Instead, peacekeeping will refer to the range of missions which have been mandated by the UN.

UN Truce Supervision Organization in Palestine	UNTSO
UN Military Observer Group in India and Pakistan	UNMOGIP
UN Force in Cyprus	UNFICYP
UN Disengagement Observer Force	UNDOF
UN Interim Force in Lebanon	UNIFIL
UN Iraq-Kuwait Observer Mission	UNIKOM
UN Observer Mission in El Salvador	ONUSAL
UN Angola Verification Mission II	UNAVEM
UN Mission for the Referendum in W. Sahara	MINURSO
UN Protection Force	UNPROFOR
UN Operation in Mozambique	ONUMoz
UN Operations in Somalia II	UNOSOM
UN Observer Mission Uganda-Rwanda	UNOMUR
UN Observer Mission in Georgia	UNOMIG
UN Observer Mission in Liberia	UNMIL
UN Mission in Haiti	UNMIH
UN Assistance Mission for Rwanda	UNAMIR

Table 1. Current UN Peacekeeping Operations. From Ref. 2.

Most emergent UNSC mandated peacekeeping operations are financed through a special assessment which is based on member countries' capacities to pay. Since the UN has not been as eager to terminate operations as it has been to establish new ones, the costs to all contributing countries are increasing.

In addition to UNSC mandated peacekeeping missions, there are contingency operations undertaken by the U.S. Department of Defense (DoD) with UNSC resolution concurrence under the aegis of peacekeeping. It is here where the distinction between peacekeeping and other nontraditional missions undertaken by DoD,

such as humanitarian assistance and nation building, becomes blurred. Nevertheless, DoD is increasingly directed by the National Command Authority to support these missions. These contingency operations are, by definition, unexpected and unbudgeted. Currently, DoD is involved in contingency operations in Haiti, Rwanda, Bosnia, Somalia, Korea, Southwest Asia and Cuba. Some of these have UN backing with UN reimbursement for certain costs, but others do not. In effect, the United States bears two financial obligations when involved in UN sanctioned operations: its share of UN costs assessed for operations mandated by the UN and incremental, non-budgeted costs for operations undertaken by the Department of Defense to support U.S. national security objectives.

Desert Shield/Desert Storm was a watershed event which set a precedent as to how future contingency operations would be engaged in and financed. In the case of DS/DS, world opinion played an important part in the U.S. decision to intervene. On the heels of this favorable world opinion, the political decision was made to obtain UN authority and to pay for operations through an international trust fund. However, the circumstances surrounding that action are not certain to occur in the future. More important, though, is the fact that such contingent operations are not budgeted for in the U.S. system and will not necessarily be financed by the UN. Thus, the DoD will increasingly bear incremental costs² and will have to find new methods of financing them. This fact is further complicated by diverse Congressional interests regarding the appropriateness, conduct and funding of peace operations, and an austere budget atmosphere.

It is this concern with the increased scope, rate, and costs of peacekeeping operations which prompted the Clinton Administration to issue Presidential Decision Directive 25, "The

²Incremental costs are those costs which would not otherwise be incurred unless a contingency arises.

Clinton Administration's Policy on Reforming Multilateral Peace Operations," on May 5, 1994. [Ref. 9] PDD-25 attempts to improve the U.S. process of engaging in peacekeeping operations, including how to pay for them.

This thesis will examine the process by which peacekeeping operations are established and funded by the UN and the related financial implications for United States involvement in them. A major concern is to show the financial impact of DoD involvement in peacekeeping and other nontraditional missions. These contingent operations are not budgeted for. Although a variety of methods have evolved in the Defense financial management process to provide flexibility, budget authority for undertaking new requirements may result in shortfalls in other mission areas. Options for a more efficient and effective approach for the funding of peacekeeping and other contingency operations will be suggested.

The focus of this research will be on the recent period since DS/DS, when peacekeeping and other UN sanctioned operations have dramatically increased in scope and cost, and when the U.S. State Department and DoD budgets have decreased. The thesis is organized in three parts. Part 1 will provide essential background into the current processes which authorize and finance peacekeeping operations at the United Nations and U.S. government levels. Within this section, Chapter II will discuss the peacekeeping mission development process at the United Nations, Chapter III will frame the current issues in terms of Presidential Decision Directive 25, and Chapter IV will examine the U.S. budget processes, as well as the legal authority by which the U.S. can assist the UN. Part 2 will specifically deal with impacts on DoD participation in peacekeeping and other contingent missions in the post DS/DS environment. Within this section, Chapter V will provide an brief overview of the DoD budgeting process, including a description of the mechanisms which provide flexibility in the system to meet emergent missions. Chapter VI will discuss DoD incremental costs in light

of the FY 94 Defense Authorization process which directed DoD to report annual incremental costs. Chapter VII will highlight the recent experience in Somalia as a case study of issues associated with financing such operations when the UN is involved. The final section (Chapter VIII) will suggest alternative ways to finance DoD participation in UN peacekeeping and other contingency operations.

This thesis is based on information derived from U.S. Public Laws, Congressional testimony, interviews with Department of Defense, Army and Navy budget managers, and Pacific Fleet comptroller, as well as on UN documentation, interviews with U.S. Military Officers assigned to the UN, General Accounting Office Reports, Congressional Research Service Issues briefs, and other published material.

II. UNITED NATIONS PEACEKEEPING

A. INTRODUCTION

The success of a world coalition during the Gulf War generated new enthusiasm for the potential of the UN to maintain world peace. This chapter will briefly describe the process by which the UN considers, establishes, engages in and finances peace operations.

B. LEGAL AUTHORITY FOR PEACEKEEPING

When the United Nations was chartered in 1948, peacekeeping missions as currently understood were not anticipated and, therefore, not mentioned. The two relevant chapters of the UN charter which have been interpreted as authority for establishing peacekeeping operations, however, are Chapters VI and VII. Chapter VI, "Pacific Settlement of Disputes" operations, also known as "traditional" peacekeeping operations, though lacking in specifics, is generally cited under Article 33 of the UN charter.

The parties to any dispute, the continuance of which is likely to endanger the maintenance of international peace and security, shall ... seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice. [Ref. 4]

This method envisions the use of UN mandated troops to intervene in a situation to provide stability while disputants resolve their conflict peacefully. However, if the dispute is likely to continue, under Article 37 the UNSC may "recommend such terms of settlement as it may consider appropriate." [Ref. 4] This often refers to a transition to Chapter VII operations.

Chapter VII, "Action with Respect to Threats to the Peace, Breaches of the Peace, and Acts of Aggression" authority contrasts with that of Chapter VI by providing for the use of increased diplomatic and economic pressure and, ultimately, force to maintain or restore international peace and security. If Chapter VI diplomacy fails in a given situation, the UNSC may invoke Chapter VII authority to settle it. Article 41 authorizes increased pressure, short of military force to settle a dispute:

The Security Council may decide what measures not involving the use or armed force are to be employed to give effect to its decision, and it may call upon the members of the United Nations to apply such measures. These may include complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio and other means of communication, and the severance of diplomatic relations. [Ref. 4]

If these efforts fail, then Article 42 authority provides the "all necessary means" authority to intervene in a conflict:

Should the Security Council consider that measures provided for...would be inadequate or have proved to be inadequate, it may take such action by air, sea, or land forces as may be necessary to maintain or restore international peace and security. Such action may include demonstrations, blockade, and other operations by air, sea or land forces of members of the United Nations. [Ref. 4]

The U.S. Department of Defense may be requested by the UN to provide support for UN operations under any of the foregoing articles. The U.S. also may volunteer its forces to establish an environment conducive to UN mediation, under a UN resolution, as occurred in DS/DS. When the UN specifically requests DoD support of operations, it will reimburse the United States for certain costs. These costs, however, are limited to only a daily rate of \$988 per day for personnel directly involved in the operation and the value of equipment specifically requested by

the UN. If the UN merely provides authority via a resolution, citing Chapter VII, for operations to be undertaken by a coalition of forces not under UN control, then financing is not provided through the UN process. Thus, a UN resolution does not automatically provide for UN funding of subsequent operations.

C. APPROVING UN PEACEKEEPING OPERATIONS

Despite the lack of specific language in the UN Charter allowing for peacekeeping operations, peacekeeping has "evolved as an internationally acceptable way of controlling conflicts and promoting the peaceful settlement of disputes." [Ref. 1] The UNSC is the UN authority for considering and approving peacekeeping proposals. Proposals for new peacekeeping operations may be brought forward by the Secretary General, any member country or a group of states. The Military Advisor to the UN Secretary General plays a major role in assisting the UNSC and Secretary General in identifying military implications of proposed peacekeeping missions. [Ref. 5] In general, three conditions must be met for the UN to intervene:

1. Peacekeeping operations are established with the consent of the country or countries involved.
2. The proposal must enjoy broad support from the international community. That is, it must attract the necessary votes to be adopted by the Security Council.
3. Member countries should be ready to contribute troops and money towards the peacekeeping operation. [Ref 1]

Once peacekeeping missions are proposed they require nine of 15 votes in the Security Council, with no dissenting votes from

the five permanent members³ for approval. If approved, UN peacekeeping missions are usually mandated for six months, with a requirement for review and reauthorization thereafter. The reassessment process may expand or limit terms of the original mandate. Peacekeeping missions are usually terminated when UNSC considers the terms of the mandate to be fulfilled.

D. ESTIMATING COSTS OF UN PEACEKEEPING

Once a new peacekeeping operation is approved in concept, the UNSC is informed of the overall anticipated costs for deployment and normally for the first six months of the operation. The budget estimation process involves the dispatch of a technical survey team to the proposed area and planning by the Field Operations Division (FOD) at the UN in New York. This survey team works from a standardized schedule, seen in Appendix A, to estimate anticipated requirements and budget for their costs. In the past this process has been the focus of concern due to inefficiencies and the ad hoc nature of assessing potential new missions. The process has recently been improved, however, with the increased use of standardized cost and reimbursement schedules.

The approved operations will include in the mandate the method of funding, as discussed below. Once an operation is approved, the complete proposed budget is submitted to the General Assembly's Advisory Committee on Administrative and Budgetary Questions (ACABQ) for review and recommendations, although approval by ACABQ has traditionally been merely a formality. Upon adoption of the financing resolution by the General Assembly, the Secretariat sends out assessment letters to collect the necessary funds. At this point the UN's Department

³The five permanent members are the United States, Russia, the United Kingdom, France, and China. The remaining seats are filled on a two year rotational basis.

of Peacekeeping Operations (DPKO) will solicit member countries to contribute troops, observers or equipment to support the operation. Depending on the nature and duration of operations, ACABQ receives periodic performance reports on the financial and administrative aspects of the operations. Based on these reports, the General Assembly would need to approve any additional appropriations for the operation. A financing resolution is approved separately from the UNSC resolution establishing a new operation, although the UNSC will state how costs will be assessed.

Subsequent to UNSC mission approval, but prior to the submission of a budget estimate and the issuing of assessment letters, the Secretary General does have the authority to commit up to \$10 million toward the operation. Amounts in excess of this level require the formal approval of the General Assembly. This provides a limited amount of capital for start up costs until contributing countries resources are received.

E. SOLICITING MILITARY CONTRIBUTIONS

Once military requirements have been established, the UN FOD will solicit UN member nations for personnel and equipment to support an operation. In the past this has been accomplished on a case-by-case basis, involving considerable negotiation and persuasion. This process is becoming more efficient, however, with computerized listings of contributing nations' available equipment and the detailing of military personnel to the UN Department of Peacekeeping operations. [Ref. 6] Specific UN requests for equipment are made through a Letter of Assist (LOA), which is a document issued by the UN to a government authorizing that government to provide goods or services to UN peacekeeping forces. A LOA typically details specifically what is to be provided by the contributing government and establishes a funding limit that cannot be exceeded for that specific LOA. The UN will

provide reimbursement at standard rates established by the General Assembly for:

1. Pay and allowances (\$988/person/month).
2. Supplementary payment for specialists (\$291/person/month for up to a maximum of 25% of the logistics units and up to 10% of other units).
3. Usage factors for personal clothing, gear and equipment (\$65/person/month).
4. Personal weaponry to include ammunition (\$5/person/month). [Ref. 7, p. 23-14]

Normally the UN does not provide an advance of funds for the value of the LOA. In addition, items used in support of UN operations, but not specifically requested by the UN are not reimbursed by the UN.

F. FINANCING METHODS FOR UN PEACEKEEPING OPERATIONS

UN Peacekeeping Operations are funded by one of three methods: through the existing UN budget, through a special assessment, and through voluntary contributions.

1. Regular Budget Assessment

The basis for UN funding of its operations is through the UN "scale of assessments", which is basically derived from states' proportions of the world economy. Two current peacekeeping missions, the UN Truce Supervision Organization in Palestine (UNTSO) and the UN Military Observer Group in India and Pakistan (UNMOGIP) are financed by this method. Appendix B explains the methodology for arriving at the regular scale of assessments. The U.S. regular budget assessment is capped at 25% of the overall UN budget.

2. Special Peacekeeping Assessment

The UN assesses member states separately for each individual peacekeeping operation except for the two financed through the regular budget. This special assessment adjusts the regular assessment percentage based on permanent membership in the Security Council and characterization of a country as developed, less developed or least developed. Appendix C explains the process which determines the special assessment scale in more detail. The U.S. currently pays approximately 30% of these peacekeeping costs.

3. Voluntary Contributions

In the past, some UN operations were financed through voluntary contributions. The latest such operation, UN Forces in Cypress, switched to assessed financing in 1993.

Table two summarizes the funding method for existing UN peacekeeping operations and the estimated total annual cost of each.

G. CONCLUSION

This chapter has provided background information on the process by which UN operations are established and funded and has indicated their increasing number and cost. The U.S. carries a large and direct burden in financing UN operations, which is seemingly unconstrained. An equally significant burden is borne by DoD for direct and indirect costs in supporting these and other UN authorized operations. The next chapter will begin the consideration of the U.S. processes which govern involvement in UN operations.

UN Operation	Assessment	Cost
UN Truce Supervision Organization in Palestine	Regular	\$ 31M
UN Military Observer Group in India and Pakistan	Regular	\$ 7M
UN Force in Cyprus	Special	\$ 45M
UN Disengagement Observer Force	Special	\$ 36M
UN Interim Force in Lebanon	Special	\$146M
UN Iraq-Kuwait Observer Mission	Special	\$ 75M
UN Observer Mission in El Salvador	Special	\$ 35M
UN Angola Verification Mission II	Special	\$ 42M
UN Mission for the Referendum in W. Sahara	Special	\$ 37M
UN Protection Force	Special	\$925M
UN Operation in Mozambique	Special	\$310M
UN Operations in Somalia II	Special	\$977M
UN Observer Mission Uganda-Rwanda	Special	\$ 7M
UN Observer Mission in Georgia	Special	\$ 23M
UN Observer Mission in Liberia	Special	\$ 63M
UN Mission in Haiti	Special	\$ 50M
UN Assistance Mission for Rwanda	Special	\$ 98M

Table 2. Funding Methods and Estimated Annual Costs of Current UN Peacekeeping Operations. After Ref 5.

III. PRESIDENTIAL DECISION DIRECTIVE - 25

A. INTRODUCTION

On May 6, 1994 President Clinton issued Presidential Decision Directive 25 (PDD-25), titled "Reforming Multilateral Peace Operations." The directive is the result of studies into potential national security opportunities in the post-cold war era and incorporates many concerns about the existing process for involvement in peacekeeping operations both at the UN and domestically. The motivation behind PDD-25 is the recognition that peacekeeping operations are an opportunity to contain conflicts at a lower level, precluding the need for wider involvement and costs at a later time. This is in consonance with the administration's 1994 National Security Strategy in which the U.S. would "seek to prevent and constrain local conflicts before they require a military response." [Ref. 8] In particular,

Multilateral peacekeeping operations are an important component of our strategy. From traditional peacekeeping to peace enforcement, multilateral peace operations are sometimes the best way to prevent, contain, or resolve conflicts that could otherwise be far more costly and deadly. [Ref. 8 p.13]

However, the trend of recent UN peacekeeping operations' increased number, scope, and cost has raised serious concerns about their efficacy and efficiency. Accordingly, PDD-25 raises several issues which the Administration considers essential for improved peace operations.

B. MAJOR ISSUES

PDD-25 specifies six major issues of reform and improvement of peacekeeping operations:

1. Making disciplined and coherent choices about which peace operations to support -- both when we vote in the Security Council for UN peace operations and when we participate in such operations with U.S. troops.
2. Reducing U.S. costs for UN peace operations, both the percentage our nation pays for each operation and the cost of the operations themselves.
3. Reforming and improving the UN's capability to manage peace operations.
4. Improving the way the U.S. government manages and funds peace operations.
5. Defining clearly our policy regarding the command and control of American military forces in UN peace operations.
6. Creating better forms of cooperation between the Executive, the Congress and the American public on peace operations. [Ref. 9, pp. 6-7]

C. FINANCIAL IMPLICATIONS OF PDD-25

There are clear implications for U.S. funding of UN operations in all but two of the major issues presented in PDD-25. This section will assess these underlying issues with respect to their financial impact on the U.S.

1. Issue Number One

The two relevant points of the first issue -- which peacekeeping operations the U.S. should vote for and which

operations the U.S. will participate in -- have obvious financial significance. PDD-25 envisions supporting UNSC resolutions for establishing new peacekeeping mandates when certain guidelines are met:

1. UN involvement advances U.S. interests, and there is an international interest in dealing with the problem on a multilateral basis.
2. There is a threat to or breach of international peace and security, often of a regional character, which include international aggression, urgent humanitarian disaster coupled with violence or sudden interruption of established democracy or gross violation of human rights coupled with violence.
3. There are clear objectives and an understanding of where the mission fits on the spectrum between traditional peacekeeping and peace enforcement.
4. For Chapter VI peacekeeping operations, a cease-fire should be in place and the consent of the parties obtained before the force is deployed.
5. For Chapter VII operations, the threat to international peace and security is considered significant.
6. The means to accomplish the mission are available, including the forces, financing and a mandate appropriate to the mission.
7. The political, economic and humanitarian consequences of inaction by the international community have been weighed and are considered unacceptable.
8. The operation's anticipated duration is tied to clear and realistic criteria for ending the operation.
[Ref. 9, pp. 6-7]

Essentially the U.S. will engage in well-defined operations which do not presume open-ended commitments. This is critical, considering that the U.S. currently bears the largest financial burden in funding UN operations and has a significant interest in constraining costs. Applying these guidelines would preclude

unjustified new missions through the exercise of a U.S. UNSC veto.

Guidelines for actual U.S. participation are even more stringent. In order for the President to commit DoD assets, the following factors would be considered:

1. Participation advances U.S. interests, and both the unique and general risks to American personnel have been weighed and are considered acceptable.
2. Personnel, funds and other resources are available.
3. U.S. participation is necessary for an operation's success.
4. The role of U.S. forces is tied to clear objectives and an end point for U.S. participation can be identified.
5. Domestic and Congressional support exists or can be marshalled.
6. Command and control arrangements are acceptable.
7. For Chapter VII operations that are likely to involve combat, there exists a determination to commit sufficient forces to achieve clearly defined objectives, there exists a plan to achieve those objectives decisively, and there exists a commitment to reassess and adjust, as necessary, the size, composition, and disposition of forces to achieve our objectives. [Ref. 9, pp. 7-8]

Of these factors, the availability of resources and Congressional support have the most significant financial implications. As will be seen in Chapter V, the DoD budgeting process is based on the assumptions made in the Defense Planning Guidance (DPG). Currently, the DPG is premised on acquiring, maintaining and training forces based on a requirement to engage in two near simultaneous Major Regional Contingencies (MRCs). Other, "non-traditional" missions such as peacekeeping, though contributing to national security interests are contingent, and therefore not budgeted.

The need to bridge the gap between executing U.S. National Security Strategy through DoD participation in such operations and actual financing of such unfunded operations is critical. DoD can, and necessarily does, discover budget authority to fund the incremental costs of contingency operations, usually while simultaneously working for supplemental appropriations from Congress. However, this procedure presupposes Congressional support, which may not exist in the future and, if not, will ultimately affects DoD capability to carry out other assigned missions.

Thus, it can be seen in the first major issue that the administration will work on two levels to decrease U.S. financial requirements for UN operations. By not approving what the U.S. regards as unjustified missions through a Security Council veto, new costs can be avoided. And by narrowly defining what constitutes appropriate direct U.S. involvement, unbudgeted incremental costs may be saved.

2. Issue Number Two

As discussed in Chapter II, the second issue is concerned with both the UN special assessment scale and the UN method for budgeting emergent missions. The special assessment scale has been essentially unchanged since 1973. However, PDD-25 will commit the U.S. to pay a 25% assessment by January 1, 1996, reflecting both the increased ability of other nations to contribute more and a more equitable burdensharing arrangement.

The second issue is concerned with inefficiencies at the UN in managing peacekeeping missions. PDD would pursue a number of measures to promote cost effectiveness of operations, including:

1. Immediate establishment of a permanent office of Inspector General with oversight responsibility for peacekeeping.

2. A Unified budget for all peace operations, with a contingency fund, financed by a single annual peacekeeping assessment.
3. A standing cadre of professional budget experts from member states, particularly top contributing countries, to assist the UN in developing credible budgets and financial plans.
4. The enlargement of the revolving peacekeeping reserve fund to \$500 million, using voluntary contributions.
[Ref 9, p. 9]

At issue here is the U.S. concern with the continual establishment of fiscally unconstrained operations which the U.S. has the largest obligation to fund. The U.S. can decrease financial obligations to the UN by decreasing overall assessed amounts and by ensuring costs of existing and planned operations are justified.

3. Issue Number Three

This issue concerns the way peace operations are managed. The UN's Department of Peacekeeping Operations (DPKO) has traditionally been understaffed. Since each new peacekeeping mission is created and managed separately, economies of scale are lost and effort is often duplicated. PDD-25 proposes several structural solutions at the UN to remedy some problems, such as instituting a plans division to conduct adequate advance planning for new and existing operations, expand the logistics division to more efficiently contract for required materials and link the UN DPKO with participating member nations, and to improve other necessary flows of information.

Specifically for the U.S., PDD-25 commits the U.S. to the following:

1. Detail appropriate numbers of civilian and military personnel to DPKO in New York in advisory or support roles.⁴
2. Share information as appropriate, while ensuring full protection of sources and methods.
3. Offer to design a command, control and communications systems architecture for the Operations Division, using commercially available systems and software.
4. Offer to assist DPKO to establish an improved, cost-effective logistics system to support UN peacekeeping operations.
5. Offer to help design the database of military forces or capabilities and to notify DPKO, for inclusion in the database, of specific U.S. capabilities that could be made available for the full spectrum of peacekeeping or humanitarian operations.
6. Detail public affairs specialists to the UN.
7. Offer to help create and establish a training program, participate in peacekeeping training efforts and offer the use of U.S. facilities for training purposes.
[Ref 9, p. 11]

By committing U.S. resources up front in the UN peacekeeping management arena, primarily on a reimbursable basis, the U.S. hopes to constrain costs by efficient and effective use of available resources. Again this would involve significant cooperation with Congress in approving new funds in DoD's budget.

4. Issue Number Four

The fourth issue considers how to improve the way the U.S. government internally manages and funds peace operations. This issue has as its root a new concept of "shared responsibility".

⁴The U.S. currently has eight military officers detailed to the UN: One with the Office of the Military Advisor and seven with the Field Operations Division of the UN Department of Peacekeeping Operations. Of the seven, one is assigned to the finance section and the others to the logistics and communications section.

Instead of the current primary method of funding U.S. assessments through the State Department, DoD would have a new role:

DoD will assume new responsibilities for managing and funding those UN peace operations that are likely to involve combat and all operations in which U.S. combat units are participating. [Ref 9, p. 15]

Under this arrangement, DoD would pay for UN peacekeeping operations which are established under Chapter VII of the UN charter. State would continue to pay for "traditional" peacekeeping missions, those mandated under Chapter VI authority, through its existing Contributions for International Peacekeeping Activities account. If followed, shared responsibility would have resulted in an approximately \$730 million additional burden to DoD in FY 94.⁵ This amount would have been offset by appropriate reimbursements by the UN for actual DoD personnel and equipment which had been officially requested.

UN reimbursement is a key issue under PDD-25:

DoD would receive and retain direct reimbursement for its contributions of troops, goods and services to the UN. An important advantage will be to limit any adverse impact of DoD Operations and Maintenance funds, which are essential to U.S. military readiness. [Ref. 9, p. 15]

Chapter V explores the recent attempts to establish peacekeeping accounts in the DoD authorization and appropriations cycles. Other options for DoD funding of its involvement are considered in Chapter VIII.

⁵This estimate is based on a 31% U.S. assessment for the following UN operations involving U.S. troops: UNTSO, UNIKOM, UNPROFOR, UNOSOM, MINURSO AND ONUMUZ.

D. CONCLUSION

PDD-25 considers both the existing UN processes for involvement in peacekeeping operations and the U.S. procedures for engaging in such operations in concert with the UN. It also proposes methods to place fiscal and participatory constraints on them. Implementing features of PDD-25 will require the cooperation of Congress. It is presented here both as a bridge to part two of the thesis, which is concerned with DoD involvement with UN peace operations, and as a critique of the existing processes for engaging in and financing such operations. It is important to understand these background issues as the thesis turns now to specific current and proposed processes for U.S. policy makers.

IV. U.S. INVOLVEMENT WITH UN OPERATIONS

A. INTRODUCTION

As described in Chapter II, the United Nations has derived authority from its charter to establish peacekeeping operations. U.S. participation in them is enabled through several pieces of legislation. More recently, as explained in Chapter III, PDD-25 further established a political and financial framework for future U.S. involvement in peacekeeping operations. This chapter will first look at the underlying legislation which permits the U.S. to engage in peacekeeping operations. Limiting provisions of the legislation will be highlighted. Given this legislative background, the chapter will then consider processes at the State Department, which is charged with oversight responsibilities with regard to the United Nations and, more importantly, budgeting for assessed UN expenses. Once the interface between the UN and U.S. Government has been examined, DoD specific issues will be explored in the next chapter.

B. LEGAL AUTHORITY

The United Nations Participation Act (UNPA) and the Foreign Assistance Act provide authority to contribute to UN peacekeeping operations. In addition, Executive Order 10206 expands the President's authority under UNPA.

1. United Nations Participation Act

The United Nations Participation Act (UNPA) (22 U.S.C. 287d-1(b)), enacted in 1948, codified the U.S. relationship with the newly established United Nations. As discussed in Chapter II, although the UN

Charter does not specifically mention peacekeeping, section 287d of UNPA provides for the following:

The President, upon the request by the United Nations for cooperative action, and to the extent that he finds that it is consistent with the national interest to comply with such request, may authorize (U.S. involvement), in support of such activities of the United Nations as are specifically directed to the peaceful settlement of disputes and not involving the employment of armed forces contemplated by Chapter VII of the United Nations Charter [Ref. 10, section 287d-1(a)]

With this authority, however, the President is limited to detail only one thousand personnel in a non-combatant capacity. More important, UNPA stipulates "the President shall require reimbursement from the United Nations for the expense thereby incurred by the United States", although "in exceptional circumstances, or when the President finds it to be in the national interest, he may waive...the requirement for such reimbursement." [Ref. 10, section 287d-1(b)] For those cases in which reimbursement would be waived, UNPA had foreseen an alternative payment to DoD:

In addition to the authorization of appropriations to the Department of State...there is hereby authorized to be appropriated to the Department of Defense, or any department therein, such sums as may be necessary to reimburse such departments in the event that reimbursement from the United Nations is waived in whole or in part. [Ref. 10, section 287-1(c)]

As will be seen in Chapter V, DoD has not been provided funds for peacekeeping participation through the method envisioned in the UNPA. Authorization of DoD participation without supporting appropriations often leads to irregular internal funding practices within both State and DoD.

2. Executive Order 10206

Building on the UNPA, President Truman issued Executive Order 10206 "Support of Peaceful Settlement of Disputes" on January 19, 1951. This order enables the Secretary of State, when requested by the UN,

to request DoD to detail personnel of the armed forces to the United Nations, and to furnish facilities, services or other assistance and to loan supplies and equipment to the UN in an agreed fair share the U.S ...shall determine. [Ref. 11]

Further,

The Secretary of State...shall require reimbursement from the United Nations for the expense thereby incurred by the United States whenever personnel or assistance is made available to the United Nations, except that in exceptional circumstances, or when the Secretary of State finds it to be in the national interest, he may, after consultation with the Secretary of Defense, waive, in whole or in part, the requirement of such reimbursement. [Ref. 11]

Thus, the UNPA and Executive Order 10206 provide a framework, with explicit limitations, for DoD involvement with UN peacekeeping operations.

3. Foreign Assistance Act

The Foreign Assistance Act (FAA) of 1961 (PL 87-195) defines the U.S. foreign policy objectives in straightforward terms.

It is the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such

amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom.
[Ref. 12, section 102]

Toward this end, FAA establishes enabling legislation as well as limiting conditions. Chapter 2 of FAA establishes the framework for military assistance. Within this chapter, section 502 gives the President general authority to

furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace.... [Ref. 12]

To accomplish this, Section 628 allows the President to detail personnel, including military, to international organizations. However, the FAA stipulates that the President should make allocative decisions between this DoD assistance and other DoD operations.

In order to make sure that a dollar spent of military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programming and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense. [Ref. 12, section 504(b)]

This point is important to remember when the processes of DoD budget formation are discussed in the next chapter. Since the type of peacekeeping missions undertaken by DoD have for the most part been contingent, there has not been an approved budget which provides for this purpose.

Finally, section 607 of the FAA enables a U.S. Government agency to "furnish services and commodities on an advance-of-funds or reimbursement basis to...international organizations."

In doing so, "such reimbursement may be credited to the applicable appropriations account...if received within 180 days after the close of the fiscal year in which such service and commodities are delivered." [Ref. 12] This could affect DoD accounts if the UN is not forthcoming with reimbursements. Since "the UN reimbursement process is cumbersome and slow" [Ref. 13], payments could be received after this time period, and they would then be deposited in the Treasury instead of replenishing affected accounts.

C. STATE DEPARTMENT OVERSIGHT

The State Department has primary responsibility for oversight of U.S. interests at the UN, including the conduct of peacekeeping operations. As discussed earlier, UN peacekeeping operations are financed by one of three methods: regular assessment, special assessment or voluntary contribution. The U.S. budgets for these under the State Departments' International Organization and Conferences: Contributions to International Peacekeeping Activity (CIPA) account in the Commerce, Justice and State departments' authorization and appropriations bills.⁶ The administration's budget proposal for this account is based on assessments for existing peacekeeping missions plus funding for past peacekeeping assessments owed but not appropriated. In FY 94 the amount requested was approximately \$620 million, of which only \$402 million was appropriated. In addition, Congress stipulated that 10% of this amount be withheld until the UN appointed an inspector general to oversee peacekeeping costs. [Ref. 14] There are several problems with this system. First,

⁶The voluntary costs for UNFICYP were budgeted in the foreign operations authorization and appropriation bills under Peacekeeping Operations in the Military Assistance account until 1993, when the UN changed financing of that operation from voluntary to regular assessments.

Congressional support for fully funding the CIPA account has been inconsistent, which has resulted in arrearages of U.S. payments to the UN of \$950 million by 1994. [Ref. 15] Next, the U.S. budget cycle runs on a fiscal year which begins October 1, whereas the UN budgets on a calendar year basis. Thus, as new peacekeeping operations arise, they most likely will occur out of sequence with the U.S. budget planning cycle. As a result,

The President and Congress have had to devise extraordinary methods for acquiring initial funding for U.S. contributions to the operations...these included reprogramming from other pieces of the international affairs budget...(and) the transfer of funds to the international affairs budget from the Department Of Defense. [Ref. 3, pp.7-8]

It will be seen in the next chapter that this is exactly the problem faced by DoD when they are involved in UN operations.

D. CONCLUSION

This chapter has provided the legal basis by which the U.S. participates in international operations. Enabling legislation, though providing for U.S. participation in UN operations, has not resulted in sufficient funding for these operations. This authority and responsibility without resources has resulted in obvious shortfalls in funding State department assessments. The following chapters will consider the less apparent, but considerable impact on DoD finances.

V. DEPARTMENT OF DEFENSE BUDGETING

A. INTRODUCTION

The previous chapters have dealt primarily with peacekeeping issues outside DoD. These external processes often result in commitments over which DoD has little control. This chapter will focus on specific DoD involvement in the peacekeeping process. The chapter will first provide background on the process by which DoD establishes a budget and apportions appropriated funds to operational levels. Next, it will examine the shortfalls in this process with regard to peacekeeping and other contingency operations. Third, the flexibility which has evolved to allow the services to accomplish unanticipated missions will be considered. Finally, the chapter will review the past three DoD budget cycles, which have attempted to include peacekeeping in the process.

B. PPBS

The Planning, Programming and Budgeting System (PPBS) is the process used by DoD to translate strategy into force requirements and budgets which are provided to Congress for authorization and appropriation action. The intention of PPBS is to bring fiscal reality to the government's resource allocation process and, in the specific case of DoD, to allocate defense resources rationally. Essentially, the planning phase determines anticipated threats from a long-term perspective. The Programming phase then gleans requirements from the planning phase and translates them into executable programs which are incorporated into a six year Future Years Defense Program (FYDP). Finally, budgeting takes the first two years of the FYDP and prices them

out for approval by the President and submission to Congress.
[Ref. 16]

1. Planning

The planning phase begins with a formal statement of the Administration's National Security Strategy (NSS). This requirement is mandated under section 603 of the Goldwater-Nichols Defense Reauthorization Act of 1986. [Ref. 8] The NSS expresses U.S. national security objectives, considers broad strategies for dealing with the threats to national security and envisions force structures and levels that will support those strategies. From the NSS, the National Military Strategy Document (NMSD) is issued by the Chairman, Joint Chiefs of Staff (JCS), which guides force levels required to meet the threat. In addition, the Secretary of Defense (SECDEF) will provide policy planning direction. These inputs are broad in nature but serve as both a starting point for prioritizing requirements and as a guideline for resource allocation decisions. [Ref. 17, p. 5]

The formal outcome of the planning phase of PPBS is the Defense Planning Guidance (DPG). The DPG provides the force and fiscal guidance to the services to construct their own program proposals and budgets, and it is used to develop defense-wide policies with respect to manpower, logistics, acquisition and other functional areas. [Ref. 16, p. C-12] The DPG is issued by SECDEF to the services and other defense agencies with instructions to prepare and submit Program Objectives Memoranda (POM) consistent with DPG guidance.

2. Programming

The second phase of PPBS translates this broad planning guidance into programs defined in terms of forces, personnel, material, and dollars. As a result of the planning phase, the DPG is the basis for developing a financial plan of achievable

programs. [Ref. 16, p. 15] These programs are constructed at the individual service levels and result in Program Objectives Memorandums (POMs), which are service recommendation to the Secretary of Defense on how resources should be applied. In sum, the POM

details the specific forces and programs that the service proposes over the FYDP period to meet the military requirements identified in the DPG within the financial limits that are mandated by the Secretary of Defense. [Ref. 18, p. 26]

The POM submission covers a six year period. The FYDP represents SECDEF approved POM decisions and is an "integrated and coordinated program document that displays forces, costs, manpower, procurement and construction in the approved programs." [Ref. 16, p. C-17] The programming phase ends with the issuing of Program Decision Memoranda (PDM) which reflect SECDEFs resource allocation on service POMs, and which will be reflected in the FYDP.

3. Budgeting

The budgeting phase approves resources for affordable programs which are justified to the responsible Congressional committees for authorization and appropriation. For DoD, these committees are the House and Senate Armed Services Committees (HASC and SASC respectively) and the House and Senate Defense Appropriations Subcommittees. Budget guidance will be issued from SECDEF through the services to their major claimants for budget inputs. The services will then submit budget estimates back to SECDEF, who will issue Program Budget Decisions to resolve any disputes and then put the budget through a review process. With final approval by SECDEF, the service budgets are consolidated into the DoD budget submission and ultimately become part of the President's budget to Congress [Ref. 16, p. 25.]

The DoD budget account most applied toward peacekeeping operations is that of Operations and Maintenance (O&M). Since O&M money must be obligated in the year appropriated, it provides DoD with the most readily available funding. Appendix D lists O&M categories. Since the 1981 Defense Authorization Act (PL 96-342), DoD has had to submit justification for its proposed O&M budgets.

The Secretary shall include in each report the justification for and an explanation of the level of funding recommended in the Budget of the President for the next fiscal year for aircraft flying hours, ship steaming hours, field training days for the combat arms battalions, major repair work to be performed on ships of the Navy, airframe reworks, aircraft engine reworks, and vehicle overhauls. [Ref. 19]

A requirement to justify existing O&M accounts with constrained budget levels has left no room for contingency operations budgeting.

4. Shortfalls of PPBS

PPBS is a thorough, iterative process which results in DoD forces sized and equipped to meet anticipated threats. However, there are several inherent realities in the PPBS process which do not allow budgeting for contingencies. First, operating budgets are approved only for requirements based on DPG and service direction. This guidance does not allow for budgeting unforeseen operations, such as emergent peace operations. For example, the Navy budgets for ship steaming hours in the Pacific Fleet based on a CNO goal of 51 days steaming while deployed and 27 days while not deployed. [Ref. 20] Similarly, the Army budgets operations for tank miles and helicopter flight hours and the Air Force, for flight hours. These numbers are arrived at through a determination of minimum requirements to remain proficient in warfighting skills to support the national strategy. However,

the services still must budget for these operations within DoD guidance. That is, they must budget for what is achievable, not what is optimal. Regardless, once unbudgeted operations are undertaken, increased operations tempo (OPTEMPO) results, and incremental costs of steaming and flight hours must be paid for from other areas of service budgets. Second, the theater Commander in Chief (CINC) who is designated operational commander of a contingency operation does not himself receive funding for an operation. Although CINCs have an increased role in the planning and programming phases of PPBS since the Goldwater-Nichols Department of Defense Reorganization Act of 1986 (PL 99-433), they still must rely on service component commanders budget authority in executing operations, whether routine or contingent. When unforeseen operations emerge, the responsible CINC will receive execute orders from the JCS but will not receive funding. Instead the CINC will be directed to fund operations from existing component budget authorities. [Ref. 21] Finally, even PPBS justified programs are not necessarily approved or fully funded during the Congressional process. This fact precludes the establishment of contingency funding, given the pull of existing competing interests on available resources.

C. BUDGET FLEXIBILITY

Despite the lack of directly appropriated funds to finance contingency operations, there are several mechanisms which DoD can use to derive budget authority to cover increased costs of operations. However, incremental costs must ultimately be recovered through supplemental appropriations from Congress to minimize the impact on DoD's ability to perform its budgeted missions.

1. Reprogramming

Reprogramming is the use of funds for purposes other than those originally contemplated by Congress at the time of appropriations. Since contingencies are not budgeted for, reprogramming enables DoD to undertake unanticipated operations. This process, however, does not involve the request for additional funds from what has been appropriated by Congress, but instead is a reapplication of resources. [Ref. 22, p. 6] Reprogramming is an essential financial management tool with which to meet emerging requirements because

developed in consultation with the committees, (reprogramming is) both necessary and desirable, and will provide a firm basis for retention of Congressional control over the utilization of Defense appropriations by assuring that the Congressional intent is carried out, while at the same time providing a timely device for achieving flexibility in the execution of Defense programs. [Ref 23]

In practice, reprogramming involves the shifting of funds from one item within an appropriations account to another. This flexibility is not the result of legislation, but instead has evolved from informal agreements between DoD and the relevant Congressional committees in the recognition that "rigid adherence to amounts justified for programs...may unduly jeopardize the effective accomplishment of unforeseen requirements." [Ref. 23]. The amounts allowed in reprogramming actions are restricted and there are established criteria which define the conditions when prior Congressional notification or approval are required. These conditions are as follows:

1. The use of general transfer authority.
2. Increases procurement quantity of specific weapons systems.

3. Affects an item known to be or has been designated as an item which is of special interest to one or more of the Congressional Committees.
4. Increases a military personnel budget activity or a procurement line item by \$10 million or more, increases an operations and maintenance budget activity by \$5 million or more, or for research and development, increases an existing program element in an account by \$4 million or more, adds a new program of \$2 million or more, or adds a new program estimated to cost \$10 million or more within a three year period. [Ref. 22, pp. 9-10]

2. Transferring

Transferring funds, also known as realignment, is similar to reprogramming, but has legislation governing its use. Unlike reprogramming, transferring involves the shifting of funds between appropriations accounts. Congress gives DoD general transfer authority under the annual appropriations act. For FY 94 this amount was set at \$2 billion. This number is significant in that it reflects a Congressional threshold on flexibility, above which Congressional intent for appropriations might not be met. As such, this amount is used as a measure of impact for DoD accounts in Chapter VI.

3. Feed and Forage Act

41 U.S. Code section 11 authorizes a commander to provide needed items to U.S. troops in time of emergencies. Specifically, "DoD is authorized to incur obligations on behalf of the U.S. for clothing, subsistence, forage, fuel, quarters, transportation, or medical and hospital supplies that exceed available appropriations, but which may not exceed the necessities of the current year." [Ref. 24] This provision does not increase funds a DoD department gets, but allows it to incur obligations while budget authority is gained by other means.

4. Future Quarters Borrowing

Title 31 U.S.C. 1515(b) allows for accessing future quarters apportionments in cases where there is

an emergency involving the safety of human life, the protection of property, or the immediate welfare of individuals when an appropriation that would allow the United States Government to pay...is insufficient.
[Ref. 25]

This allows for some flexibility to fund unanticipated emergencies if they occur early in the fiscal year. Flexibility is lost, however, as normal spending plans are executed, leaving little money toward the end of a fiscal year. Funding difficulties may also be faced if contingencies occur early in a fiscal year and supplemental funds are not received in time to reimburse affected accounts.

These mechanisms involve manipulating previously approved appropriations. However, depending on the magnitude of incremental costs involved, their use is usually short-term and accompanied with a request for supplemental appropriations.

5. Supplemental Appropriations

Unlike the above mechanisms, supplemental appropriations provide additional funding from what was provided by Congress in the annual appropriations act. This has traditionally been the method by which DoD recovers incremental costs for unforeseen operations. This practice, however, contains greater risk in its use since the Budget Enforcement Act of 1990 (Title XIII to PL 101-508), which requires that supplemental appropriations be offset by cuts in existing spending unless jointly declared a national emergency by the President and Congress.

D. RECENT BUDGET INITIATIVES

Congress historically has been reluctant to give the executive branch free rein with regards to conduct of foreign relations, particularly regarding military intervention as a policy tool. This is due to a concern with the potential for adventurism outside of Congressional intent and a concern with committing excessive resources in a fiscally constrained budget. In regards to peacekeeping in the post DS/DS era, it is instructive to review budget initiatives for fiscal years 93, 94 and 95 for executive branch rationales and various legislative branch concerns involved in peacekeeping issues.

1. FY 93 - Reclassification and Authorization

The FY 93 budget cycle saw the introduction of S 2560 "A Bill to Reclassify the Cost of International Peacekeeping Activities from International Affairs to National Defense," authored by Senator Rudman. This bill was not intended to provide additional funding for peacekeeping operations, but instead would have switched the costs from State Department to DoD classification. With this strategy, the cost of peacekeeping would come in direct competition with other DoD programs for appropriations of limited resources. The premise behind the bill was that peacekeeping is not foreign aid, as justified under State Department processes, but instead a direct contribution to U.S. national security. As such, peacekeeping would more appropriately be funded from national defense accounts. [Ref. 26, p.2] Nonetheless, the bill was concerned only with operations envisioned under Chapter VI of the UN charter, as Congress believed Chapter VII operations were more appropriately considered under the War Powers resolution. The bill, however, did not pass committee.

The FY 1993 Senate Defense Authorization Act did include an amendment proposed by Carl Levin (D-MI) authorizing the use of \$300 million of DoD funds for international peacekeeping operations, as long as this funding level would be included as part of the discretionary spending caps of the Budget Enforcement Act. [Ref. 27, p. 2960] Since this money was authorized but not appropriated, however, it was never a viable funding option at DoD.

2. FY 1994: Global Cooperative Initiative

As part of the Clinton administration's "shared responsibility" concept articulated in PDD-25, and as a result of DoD's Bottom Up Review, the administration included \$448 million in the FY 94 defense budget for non-traditional missions. This total included \$300 million for peacekeeping as part of the "Global Cooperative Initiatives", which also included proposed funding for DoD involvement in humanitarian assistance, disaster relief and the promotion of democracy. [Ref. 28] The rationale for this funding stemmed from the Bottom Up Review's assessment that the capability to perform certain tasks could provide DoD with critical tools for use in confronting new threats to U.S. national security interests and support Defense Strategy objects prior to, during and after conflict. These tasks are

1. Providing a positive forward presence and influence in the international community.
2. Alleviating human suffering, particularly in crises.
3. Promoting democratic reform and stable national systems.
4. Building security partnerships.
5. Enhancing deterrence, prevention and resolution of conflict.

6. Providing alternative responses to conflicts.
7. Promoting recovery and restoring peace and stability following conflict or crises. [Ref. 28]

Given a new emphasis in DoD's involvement in non-traditional missions, budgeting for them becomes essential.

The principal advantage of authorizing and appropriating the funding for these efforts is that the Military Departments would not have to defer or cancel other programs to accommodate costs associated with such initiatives. This will minimize the impact of such initiatives on the Services' Operation and Maintenance Appropriations, thus protecting funds available for operational readiness. [Ref 28]

When the budget went to committee, the HASC only authorized \$111.1 million of Clinton's proposal, while the SASC approved the entire \$448 million request plus an additional \$5 million to develop peacekeeping doctrine. [Ref. 29] However, the measure was dropped in conference. A final attempt to authorize funds was unsuccessful when an amendment to the Defense Authorization Act by Norman Sisisky (D-VA), calling for a \$30 million "defense response fund" to cover the cost of deploying U.S. forces for international peacekeeping operations, was defeated 199-211. [Ref. 30, p. 2479]

The House Appropriations Committee agreed to \$383 million of the request, but would bar the use of the funds unless the President gave Congress 15 days notice. Voicing the prevailing concern in Congress of the administration engaging in "unspecified peacekeeping adventures throughout the world" [Ref. 30, p. 2479], House Appropriations Defense Subcommittee Chairman John Murtha (D-PA) stated "the only way it (peacekeeping) can be controlled is through the appropriations process". [Ref. 31, p. 2570] As we have seen earlier in this chapter, DoD must necessarily overcome this funding "control" in order to conduct

operations. The next chapter will show the monetary impact of doing so.

The final bill did not provide advance funding for DoD's involvement in peacekeeping but did include a non-binding provision expressing the sense of Congress that the president should commit U.S. forces to peacekeeping missions only after providing Congress with a detailed assessment of the mission, funding and time limit at least 15 days in advance of the deployment. [Ref. 32, p. 3135]

3. FY 95: Peacekeeping Account

The Global Cooperative Initiative account would have funded incremental costs of DoD participation in peacekeeping contingencies. A new funding strategy was proposed by the Clinton Administration to cover DoD peacekeeping expenses in the FY 95 Defense Budget. The "Contributions for International Peacekeeping and Peace Enforcement Activities Fund" would maintain an account of \$300 million for payments

not otherwise provided for...for expenses of the United Nations peacekeeping and peace enforcement forces when the Department of Defense has primary responsibility...Provided that to the extent that any reimbursements received from the United Nations exceeds the amount of incremental expenses incurred for support provided by the Department of Defense, such excess reimbursement may be credited to this account.
[Ref. 33, p. 298]

This proposal would fund DoD's existing peacekeeping operations as envisioned under the "shared responsibility" concept of PDD-25. House Republicans criticized the proposal on two fronts: the substantial burden of the existing special assessment scale funded through the State Department, and the increasing financial burden placed on DoD, especially with a declining defense budget. Newt Gingrich (R-GA) put it best.

When you're weakening America's defense, can you really afford to have an invisible subsidy to the United Nations on top of the money that is already the largest single source for U.N. peacekeeping? [Ref. 34, p. 1403]

A proposed amendment to the authorization bill requiring the administration to deduct from the annual UN assessment the cost of U.S. military operations that are endorsed but not paid for by the United Nations was defeated 191-221. The counter-argument was that "the amendment would destroy U.N. peacekeeping by setting a precedent that countries can decide unilaterally how much of the costs to pay." [Ref. 34, p. 1403] Ultimately, the conference committee rejected Clinton's proposal.

The appropriations committees similarly rejected Clinton's formula for funding DoD's participation in peacekeeping operations. However, the final appropriations act did include \$299 million in supplemental funding for FY 1994 to reimburse DoD for some of the costs of operations in Rwanda, Cuba and Haiti. [Ref. 35, p. 2818]

E. CONCLUSION

Since the budget process limits the type of funding which is justifiable, paying for DoD contingency operations necessarily comes from one of four other sources: supplemental appropriation, reprogramming, transfer, or payment from an outside source. A brief examination of recent budget cycles has indicated the difficulty in providing separate funds with which DoD can undertake the kind of contingency operations which are increasing in scope and number. The next chapter will consider what these incremental costs are.

VI. DoD COSTS FOR CONTINGENCY OPERATIONS

A. INTRODUCTION

Chapter V explained the DoD process for enabling funding for contingency operations. This chapter will both describe what constitutes incremental costs and provide recent data on what these costs are, by service and DoD in the aggregate. A significant and growing unbudgeted commitment of resources is evidenced.

Data generation in this area is new. The House and Senate Reports on the FY 94 Defense Authorization bill directed DoD to begin to fully account for incremental peacekeeping costs.

Given the increasing demands for DoD assistance to UN peacekeeping operations, it is essential that the full value of U.S. contributions and reimbursable billings be accurately determined and reported...In this regard the Secretary (shall) account for and report DoD peacekeeping assistance to ensure that the United States receives recognition for the cost of its peacekeeping contributions. [Ref. 36]

DoD has begun to account for these incremental costs. This new procedure is the result of a GAO review of U.S. participation in peacekeeping operations, which determined that DoD did not account for or report the cost of its peacekeeping contribution because it had no requirement to do so.

(B)ecause DoD absorbs peacekeeping cost within existing budgets, it has not been required to implement the systems and controls needed to track and report expenses incurred. [Ref. 5, p. 30]

As a result, "DoD has not billed the UN for certain reimbursable costs and does not know the full value of the assistance it has provided." [Ref. 5, p. 4] An assessment of this incremental

cost data provides an informative "first look" at the impact on DoD in terms of unfunded or unreimbursed operations, and serves as a baseline for future comparison. The next chapter will use Somalia as an example to show both the financial and procedural impacts of DoD participation in UN operations. The case of Somalia is particularly instructive, as DoD participation spanned three distinct operational phases, each with its own cost implications.

B. ACCOUNTING FOR INCREMENTAL COSTS

Incremental costs are additional costs to DoD appropriations accounts that would not have been incurred if a contingency operation had not been executed. [Ref. 37] For the data provided below, these costs are considered against baseline costs, which are the continuing annual costs of DoD operations funded by the O&M and military personnel appropriations, and offset costs, which are costs of programs for which funds have been appropriated but not executed because of the contingency operation. [Ref. 7] For contingencies, then, incremental costs are equal to total costs less baseline and offset costs.

The Department of the Army has devised a model, provided in Appendix E, for capturing costs associated with the following types of contingencies:

1. Specified military operations directed by the national command authorities (NCA).
2. Peace Operations.
3. Humanitarian Assistance.
4. Noncombatant Evacuation Operations (NEO).
5. Disaster Relief Operations. [Ref. 38]

The model divides these operations into five distinct phases, each with guidelines for which costs to consider as incremental. Essentially incremental costs include:

1. Military entitlements such as premium pay, hazardous duty pay, family separation allowances, foreign duty pay, or other payments over and above normal monthly payroll costs.
2. Increases in the amount of allowances due to changes in geographic assignment area due to a contingency operation.
3. Travel and per diem of DoD personnel deployed to the area of operation (AO).
4. Military pay and allowances of retired or reserve component personnel called to active duty.
5. Overtime of Permanent DoD civilian personnel supporting the operation.
6. Special allowances paid to DoD civilian personnel deployed to the AO in support of the operation.
7. Wages, special allowances, travel and per diem of temporary DoD civilian personnel hired or assigned solely to perform service supporting the operation.
8. Transportation of moving personnel, materiel, equipment and supplies to the contingency or contingency staging area.
9. Costs of rents, communications and utilities that are attributable to the contingency.
10. Cost of work, services, training and material procured under contract for the specific purpose of providing assistance.
11. Cost of material, equipment and supplies from regular stocks and accessorial charges used in providing directed assistance.
12. Costs incurred which are paid from trust, revolving or other funds and whose reimbursement is required.

13. Replacement costs of attrition losses directly attributable to support of the contingency operation.
14. Equipment reconstitution costs based directly on contingency mission usage.
15. Service specific costs (e.g. increased OPTEMPO). Requires individual determinations and justifications. [Ref. 38, pp. 23-7,8]

The model provides an inclusive characterization of cost factors across operations and within operational phases. The next section will show the results of these costs for DoD in FY 94.

C. FY 94 CONTINGENCY OPERATIONS

Since DoD has only recently systematically captured and reported incremental cost data for contingency operations, the information which follows is a "first look" at the burden carried by DoD when participating in them. Tables 3 through 5 provide data on incremental costs incurred for each service in FY 94. Table 6 gives a breakdown of U.S. Army incremental costs for contingency operations and amounts reimbursed in FY 93. Finally, Table 7 gives DoD aggregates for FY 94. The intent is to show the magnitude of unforeseen commitments dictated by these operations.

Area	FY94 Inc Costs	Percent O&M
Haiti	\$132.3	98%
Rwanda	\$0.5	100%
Bosnia	\$38.4	99%
Somalia	\$63.1	99%
Korea	\$24.2	95%
SW Asia	\$42.3	100%
Cuba	\$81.7	72%
TOTAL	\$382.5	93%

Table 3. U.S. Navy FY 94 Incremental Costs (\$ millions). After Ref. 39.

Area	FY 94 Inc Costs	Percent O&M
Provide Comfort	\$83.6	85%
Yugoslavia	\$162.5	68%
Somalia	\$30.0	97%
SW Asia	\$241.0	75%
Haiti	\$34.2	92%
Totals	\$467.7	82%

Table 4. U.S. Air Force FY 94 Incremental Costs (\$ millions). After Ref. 40.

Area	FY 94 Inc Costs	Percent O&M
Provide Comfort	\$4.3	64%
Somalia	\$357.3	96%
Haiti	\$156.9	94%
Rwanda	\$55.9	90%
TOTAL	\$574.4	94%

Table 5. U.S. Army FY 94 Incremental Costs
(\$ millions). After Ref 41.

Area	FY 93 Cost	FY 93 Reimbursed	Percent Reimbursed
Somalia	\$321.1	\$164.8	51%
Former Yugoslavia	\$26.7	\$16.7	63%
Cambodia	\$0.3	\$0.0	0%
Western Sahara	\$0.3	\$0.0	0%
Saudi Arabia	\$63.0	\$63.0	100%
Kuwait	\$128.4	\$124.7	97%
Latin America	\$14.2	\$0.0	0%
Disaster Relief	\$17.2	\$2.2	13%
Total	\$571.2	\$371.4	65%

Table 6. Army FY 93 Incremental Costs (\$ millions).
After Ref 13.

Service	FY 94 Inc Costs
Navy	\$382.5
Army	\$574.4
Air Force	\$467.7
DoD Total	\$1424.6

Table 7. DoD FY 94 Aggregate
Incremental Costs (\$ millions).
After Refs. 39-41.

D. CONCLUSION

The data presented demonstrates a large burden of unbudgeted costs. In FY 92, it was estimated that DoD incurred \$42 million in unreimbursed incremental costs for support of various UN peacekeeping operations. [Ref. 28] As seen in Table 6, in FY 93 the Army alone incurred approximately \$200 million in unbudgeted and unreimbursed costs. The trend continued into FY 94, where total DoD commitment of resources was over \$1.4 billion, most from O&M accounts. To put this burden in perspective, it is useful to compare it to certain other measures. For example, the DoD burden was over three times what was appropriated to the State Department for assessed peacekeeping costs in FY 94 (\$1.4 billion versus \$420 million). In fact, only the Navy among the services incurred incremental costs less than State's account. Next, the DoD aggregate figure is 4.7 times the amount envisioned in the President's FY 94 budget (\$300 million), which itself was not appropriated. Further, the total amount of DoD-wide O&M

funding for OPTEMPO⁷ in FY 94 was approximately \$8.2 billion. [Ref. 45, p. 52] Therefore, about 17% of the funding which is budgeted specifically for combat readiness is being used for unbudgeted contingencies which may or may not promote readiness. Finally, the DoD burden should be considered in light of the additional \$730 million which would have been required under the "shared responsibility" concept discussed in Chapter III.

The costs of unfunded operations should be recognized in conjunction with a recent GAO report which indicates the FYDP is over-programmed by \$20 billion dollars, and that further cost estimates may be understated by more than \$100 billion. Since the FYDP does not include funds for DoD participation in peacekeeping activities, and since DoD recently requested a supplemental appropriation of \$1.2 billion to fund its peacekeeping operations for fiscal year 1994, these operations are exacting a severe toll on DoD budgets and budgeting prospects. [Ref. 42, p.11]

This chapter provided an initial consideration of the impact of DoD participation in unbudgeted operations. The next chapter considers the costs incurred by DoD participation in Somalia as a special case. Somalia evidences the large monetary burden exacted by such operations, but also shows the reimbursement implications when coordinating with the UN.

⁷OPTEMPO refers to the "pace at which combat units practice their craft, using fuel and other consumables in the process. It is measured crudely by how much vehicles are driven, ships are steamed and planes and helicopters flown." [Ref. 45]

VII. SOMALIA

A. INTRODUCTION

We have observed how the National Security Strategy promotes DoD participation in certain operations, such as peacekeeping. However, since the expense of this participation is not provided for in the service's operating budgets, the necessary budget authority is derived from other accounts through mechanisms described in Chapter V. This chapter will build on the information in Chapter VI and show the impact on DoD by explaining the situationally dependent idiosyncracies involved in dealing specifically with UN peacekeeping operations.

B. BACKGROUND

In April 1992, UNSC resolution 751 established the United Nations Operation in Somalia (UNOSOM) to help protect relief efforts by the deployment of military forces. DoD participation in this effort was known as Operation Provide Relief and consisted primarily of providing transport services and supplies. However, when the situation deteriorated, the U.S. offered to lead a multinational Unified Task Force (UNITAF) to establish a secure environment for humanitarian assistance. The UN accepted this offer and approved the action under Chapter VII of the UN charter by UNSC resolution 794. DoD operations under UNITAF were called Operation Restore Hope. Finally, the third phase of DoD participation in Somalia was known as Operation Continue Hope. This phase was established as United Nations Operations in Somalia II (UNOSOM II) and was mandated by UNSC resolution "to maintain a secure environment, pursue disarmament, and reestablish basic civil institutions." [Ref. 43]

C. DoD COSTS IN SOMALIA

1. Operation Provide Relief

From April 1992 to April 1993, DoD incurred \$20.1 million in costs for Provide Relief, \$9.3 million in FY 92 and \$10.8 million in FY 93. Of this amount, only \$3.6 was reimbursed (to the Air Force). The \$3.6 million was transferred from an existing DoD fund for global disaster relief which was established by the FY 1992 Defense Appropriations Act. The remaining \$16.5 million was absorbed by individual service operations and maintenance accounts. The amount absorbed by the services was eligible for UN reimbursement, since the UN specifically requested DoD support. However, under the provisions of UNPA and Executive Order 10206, reimbursement was waived.

The decision to waive reimbursement was based on a UN request for assistance and the related determination by the acting Secretary of State that it was consistent with the national interest to comply without seeking reimbursement. Therefore, costs incurred during this operation remained the responsibility of the service directed to accomplish the task assigned.
[Ref. 44, p. 16.)

Thus, in this phase none of the DoD commitment to a UN operation was repaid, although the Air Force did recover \$3.6 million via transfer from another DoD account.

2. Operation Restore Hope

The initial estimate of the cost to DoD for the U.S.-led UNITAF operation was \$750 million. As of April 1993, when the operation was essentially over, \$692.2 million in incremental costs were obligated. Costs included sustainment costs, transportation of personnel and equipment, and incremental

payroll costs for personnel stationed in the area. The consequences of this unbudgeted operation, then, was that DoD had to borrow budget authority.

Initially, to cover costs for the operation, the services were able to reallocate funds from programs with less immediate funding needs and borrow against future quarterly budget allocations. Some scheduled training exercises were canceled and others were postponed, if possible. [Ref. 44, p. 17]

While DoD used whatever immediate flexibility it could to provide budget authority, SECDEF submitted a proposal to transfer the estimated \$750 million to operations and maintenance and military personnel accounts from existing procurement and research and development funds. This proposal was accepted and enacted as PL 103-50. Since the cost of Restore Hope was less than the amount transferred, the remaining funds were applied to other unfunded requirements, such as Provide Relief. [Ref. 44, p.17]

It is important to remember that, since Restore Hope was not led by the UN, costs incurred by DoD were not reimbursed by the UN. However, even if the UN had agreed to provide funding for the operation, it would been done after the fact. The reality, then, is that DoD had to maneuver to fund the operation within its own resources, regardless of UN or Congressional support.

3. Operation Continue Hope

Since FY 1993 incremental costs for DoD participation in UNOSOM II/Continue Hope have been estimated to be \$94.7 million. Of this total, \$48.1 (51%) is reimbursable by the UN. Table 8 summarizes the costs, reimbursement and special considerations involved for the three phases of operations in Somalia.

Operation	Incremental Costs	Reimbursable by UN	Notes
PROVIDE RELIEF/ UNOSOM I	\$20.1	\$0	Reimbursement waived by Sec. of State.
RESTORE HOPE/ UNITAF	\$692.2	\$0	U.S. led.
CONTINUE HOPE/ UNOSOM II	\$94.7	\$48.1	Supports UN

Table 8. DoD Costs in Somalia (\$ millions). From Ref. 44.

D. SUMMARY

The Somalia example provides several important points regarding DoD participation in operations with which the UN is involved:

1. The UN will only fund for personnel and equipment it specifically requests through the Letter of Assist process.
2. When DoD is called on to support emergent operations, budget authority must be found immediately from existing accounts, regardless of whether the UN will reimburse any costs.
3. Reimbursable costs incurred by DoD may be waived if that is thought to be in the national interest. In this case, DoD absorbs costs or will request a supplemental appropriation.
4. Congress is amenable to providing supplemental funding, but this occurs after existing DoD funding has been used.

Given the DoD budgeting process and flexibility, and a sense of fiscal impacts on DoD participation in these operations, Part 3 of this thesis will examine some alternative methods of funding such operations, which could limit the need to alter previously budgeted programs and potentially affect readiness.

VIII. ALTERNATIVE FUNDING METHODS

A. INTRODUCTION

We have seen in part one how the UN is increasingly involved in new and expanded peacekeeping missions. Despite the efforts at reform and attaining efficiencies at the UN, the costs, scope and number of UN mandates will likely grow. In Part 2, the impact of these new missions undertaken by DoD in terms of incremental costs was observed. Also, DoD Budgeting process limitations in regard to meeting these contingent operations were considered. Despite considerable flexibility which enables budget authority to conduct operations, since these operations are not budgeted for, they disrupt well-justified spending plans.

The existing process for engaging in and funding these contingency operations calls for committing to operations based on NCA determination of national interest in line with the National Security Strategy, providing budget authority through transfer, deferral, reprogramming or other means and back-filling incremental costs with supplemental appropriations at a later time or absorbing costs from services' budgets. However, there is concern about creating a "hollow force" when readiness accounts such as O&M or recapitalization accounts such as procurement are used to fund emergent contingency operations. In addition, the current fiscal climate places tight restrictions on what is budgeted, since Congress is faced with competing programs across the entire federal budget. Given the high visibility and potential usefulness of these peacekeeping missions, it is necessary to consider alternative methods for funding them. The intent is to amend the status quo so the military does not continually pay for these unbudgeted operations at the expense of other, budgeted programs. The advantages and disadvantages of four funding alternatives will be considered in this chapter: modifying existing authority to conduct operations, establishing

a revolving fund, establishing a transfer account, or providing a direct appropriation to each service or theater CINC.

B. FUNDING ALTERNATIVES

1. Amend Existing Authorities

As discussed in Chapter V, DoD has at its disposal a range of options available to enable budget authority to execute emergent operations. This includes the ability to transfer or reprogram funds. The limit to how much may be transferred is set each year in the appropriations act. This threshold could be raised to enable DoD to participate in contingency operations. This expanded authority could allow even more flexibility, but still continue Congressional notification. However, this flexibility might exacerbate the existing problem and potentially cut further into service budgets and readiness.

Along the same lines of increasing transfer authority is the ability to incur obligations in excess of appropriations, which is currently done under the Feed and Forage Act without violating the Antideficiency Act. [Ref. 24, p.12]

2. Establish a Revolving Fund

Legislation could be enacted to establish a permanent fund to finance contingency operations. An appropriated sum would provide initial funding, with the account being replenished by reimbursements from the UN or other international organizations, or by contributions from other countries or individuals. Additional Congressional appropriations would be required if this income is insufficient to offset costs of contingency operations. Such an account would have the advantage of being "no-year" money, in which surpluses could be carried over into new fiscal years. Also, any money received from outside sources would

reduce the need for additional appropriations. Most importantly, this type of fund would allow DoD to respond to breaking events without disrupting other budgeted operations.

Disadvantages to this approach are that there would not be an ensured funding stream for replenishing amounts in the fund if outside contributions are not forthcoming. Also, direct appropriations to replenish the fund would count as new budget authority, and thus would be subject to the Budget Enforcement Act, which could have the effect of reducing the amount available for other discretionary spending. [Ref. 24, pp.14-15]

3. Establish a Transfer Account

Legislation could be enacted to establish an account at the SECDEF level which would be used for funding contingency operations. This type of account would be similar to the Defense Cooperation account which was used during Desert Shield to accept contributions from other nations to offset costs of U.S. operations. Advantages of such an account include enabling DoD to respond promptly to contingencies without disrupting budgeted activities. Also, Congress would be able to maintain oversight of the funding by placing restrictions on the account, such as time limits or notification procedures.

Disadvantages include the inherent uncertainty of determining the size of the account, since there are so many unknowns with contingency operations. Also, funding would count against BEA. [Ref. 24, pp. 16-17]

4. Direct Appropriation to Services/CINCs

As discussed in Chapter V, PPBS does not allow for programming and budgeting unforeseen or unjustified contingencies. Since these operations are not predictable and since impacts on individual services are variable, a funding option to reduce the impact on Congressionally approved programs

is to provide a direct appropriation to each service or, alternatively, to theater CINCs. As seen in the data in Chapter VII, the account most impacted by incremental costs of peacekeeping is O&M. This funding option would include a line item under such an account to be used for incremental costs to support contingencies such as peacekeeping. Under this system there would be no need either to request supplemental appropriations or to alter previously approved spending plans through reprogramming or transfer. In addition there would be less Congressional concern that using the flexible mechanisms to pay for U.S. operations implies an action contrary to Congressional intent in the authorization and appropriation process. It would be in Congress' interest not to impact other readiness accounts. In addition, Congress could place any restriction it thought necessary to limit this account. Depending on the amount appropriated, this approach would preclude the need for supplementals.

Disadvantages include the difficulty in establishing the funding level and how this amount would be allocated among the services. Also, the appropriated amount would be subject to BEA rules. [Ref. 24, p. 18]

Providing a budgeted amount to theater CINCs would obviate requirements for individual services to alter budgeted plans. When contingencies are currently undertaken, execute orders are issued by JCS, but required deploying forces are financed through service theater components. Again, the funding made available to these CINCs by services is not addressed in PPBS and therefore must come from other budget authority, usually from O&M accounts. This impacts on certain aspects of readiness and forces other, unrelated O&M funded activities, to take a budget "hit".

5. Considerations

Considerations central to all options are the need to accommodate Congress' oversight role and to recognize there are limited fiscal resources available. However, in order to enable DoD to execute budgeted readiness and recapitalization programs, approved defense budgets must also be protected. A mechanism which has minimal impact on operational commanders but addresses Congressional concerns should be pursued. A centrally managed account at the DoD level which is initially funded with "no-year" money at a level which reflects an average of recent commitments would seem appropriate. However, it is essential such a mechanism is combined with the initiatives in PDD-25, which strive for greater efficiency in the management of peacekeeping operations at the UN level, and the direct reimbursement to DoD for its contributions.

C. CONCLUSION

The role of peacekeeping in post-cold war U.S. national security policy is increasingly debated and expensive. The existing burden on America for these operations is considerable. State Department costs for peacekeeping are obvious and accountable through the annual authorization and appropriations processes. DoD's burden, however, is by many measures more significant, but less visible. To the extent these nontraditional missions contribute to national security, they are a worthwhile undertaking. However, the required training, maintenance and equipping of the U.S. Armed Forces to meet the existing strategy as envisioned in the National Security Strategy and Defense Planning Guidance should not be undermined. As a result, a more responsive and accountable funding method allowing for peacekeeping operations within the existing DoD process is warranted, as long as it allows for OPTEMPO and recapitalization

programs to proceed as budgeted. This thesis recommends that such a mechanism be incorporated, providing it exerts minimal impact on service budgets, while allowing for appropriate Congressional oversight. In this era of tight fiscal constraints, this strategy contains substantial risk. However, an appropriate reservation of resources will both contribute to the "vital interests" of the U.S. while at the same time placing them under the scrutiny of Congress.

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APPENDIX A. UN STANDARDIZED COSTS CATEGORIES

1. Civilian

- (a) International staff salaries;
- (b) Common staff costs;
- (c) Staff assessment;
- (d) Hazardous duty station allowances;
- (e) Mission subsistence allowances;
- (f) Regional travel costs.

2. Military

- (a) Reimbursement of troop costs;
- (b) Contingent-owned equipment;
- (c) Death and disability.

3. Transport - vehicles

Acquisition costs.

4. Transport - air operations

Acquisition costs.

5. Communications equipment

Acquisition costs.

6. Data-processing equipment

Acquisition costs.

7. Accommodation equipment

Acquisition costs.

8. Other equipment

Acquisition costs.

APPENDIX A. UN PEACEKEEPING BUDGET STANDARD ANNEXES

	<u>Description</u>
	Introductory page
I	Summary of detailed cost estimate covering the current mandate period
II	Phased budget (start-up and recurrent costs)
III	Supplementary information to the cost estimate (current mandate)
IV	Cost estimate covering the 12 months beyond the current mandate period
V	Supplementary information to the cost estimate (12 months)
VI	Organigram
VII	Proposed civilian staffing table, by department and grade
VIII	Job descriptions, if different from standard
IX	Ratio analysis
X	Proposed deployment of military and civilian staff
XI	Civilian staff and related costs
XII (a)	Vehicle establishment by department
XII (b)	Summary of requirements for vehicles (financial)
XIII	Summary of requirements for air operations (helicopter/fixed wing) (financial)
XIV (a)	Summary of requirements for communications equipment, by department
XIV (b)	Summary of requirements for communications equipment (financial)
XV (a)	Summary of requirements for computer equipment, by department
XV (b)	Summary of requirements for computer equipment (financial)
XVI	Bar chart showing proposed deployment of military and civilian personnel, month-by-month

APPENDIX B. UN REGULAR BUDGET ASSESSMENT SCALE

The regular UN scale is based on the proportion of the sums of nations' GDP maintained by each country over the previous ten year average. In addition, a floor of .01 percent and a ceiling of 25 percent are imposed. The Regular scale is revised and in effect for a 3-year period. This assessment funds the normal administrative budget requirements of the UN as well as two current peacekeeping operations, UNTSO and UNIMOGIP.

APPENDIX C. UN SPECIAL/PEACEKEEPING ASSESSMENT SCALE

Emergent Peacekeeping operations approved by the UNSC are most often funded through special assessments. The scale for Peacekeeping operations was established in 1973 so that the regular UN budget would not be depleted by additional peacekeeping missions. It has changed little since that time. The special assessment as determined in 1973 divided the nations of the world into four categories:

Group D: Termed "Least Developed", these countries pay 10% of their regular assessment rate for peacekeeping.

Group C: Termed "Developing", these countries pay 20% of their regular assessment rate for peacekeeping.

Group B: Termed "Developed", these countries pay at their regular rate for peacekeeping.

Group A: Consists of the five permanent members of the UN Security Council. These countries proportionally make up the difference in financing existing and emerging peacekeeping operation from groups C and D. There is no upper or lower cap set.

APPENDIX D. OPERATIONS AND MAINTENANCE CATEGORIES

Inventory
Maintenance
Commissaries
Flying Hours
Ground operating tempo
Burden sharing
Equipment maintenance for allies
Real property maintenance
Civilian personnel
Morale, welfare, and recreation
Reserve Officers' Training Corps
Pilot Training
Stock funding depot level repairables
Surplus ships
Travel Funds
Second destination transportation
Equipment
Military to military program
Special Events

APPENDIX E. DoD INCREMENTAL COST MODEL

Phase One: Predeployment.

1. Mobilized Reserve Component (RC) units and personnel. Movement from home station to mobilization station. provisioning and training of RC units and personnel to prepare them for the contingency operations.
2. Packing and crating of equipment and supplies.
3. Special preparation of equipment (e.g. painting equipment with UN logo).
4. Acquisition of special equipment to conduct mission.
5. Vaccinations for troops to be deployed to Area of Operations (AO).
6. Special uniforms.
7. Other unit equipment, kits, sets and outfits and other supplies not on hand and required for execution of the contingency operation.
8. Special training to include additional incremental training OPTEMPO and flying hours to prepare for the contingency mission prior to deployment to the theater of operations.
9. Other predeployment cost not categorized above.

Phase Two: Deployment.

1. Movement of personnel from home station through port of embarkation to AO port of debarkation.
2. Air/Sea/Land movement of supplies and equipment from home station through port of embarkation to AO port of debarkation to the mission area.
3. Port handling charges.
4. Other deployment costs not categorized above.

Phase Three: Operations/Sustainment.

Includes cost of conducting operations in the theater as applicable and the sustainment costs to support those operations both in the theater and elsewhere.

1. Personnel costs: Allowances, Reserve Component personnel active duty pay and allowances costs, TDY, per diem (civilian and military), temporary hire personnel costs.
2. Increased incremental OPTEMPO. Generally this will include the increased usage of Class III (POL - petroleum, oil and lubricants) and Class IX (consumable repair parts & depot level repairables) for units deployed in the AO.
3. Supplies. Include Class I (subsistence) & water
4. Sustainment transportation. Cost of channel flights, APO (Army Post Office), AAFES (Army and Air Force Exchange Services) and movement of sustainment supplies and equipment to the AO.
5. Cost of logistic support contracts for base operations and other logistic support operations.
6. Rental fees for facilities, services, telecommunication, special equipment , etc.
7. Contract costs for linguists, and other service contracts.
8. Cost of ammunition and missiles for contingency specific missions and training operation in the theater of operations.
9. Support provided to allies in theater
10. Payment of claims for damage incurred by DoD activities.
11. Other operations and sustainment costs not categorized above.

Phase Four: Redeployment.

1. Cleaning and inspecting equipment before redeployment of DoD assets out of theater. Includes the cost of U.S. Department of agriculture and U.S. Custom Service conducted inspections.
2. Packing and crating of equipment and supplies allowed to return to unit home stations.

3. Transporting equipment, supplies and personnel to the theater port of embarkation to the port of debarkation to the home base, For reserve component units this will include the onward transportation from the demobilization station back to the RC units' home station.

4. Separation pay for RC personnel demobilized from active duty.

5. Other redeployment costs not categorized above.

Phase Five: Reconstitution.

1. Replacement of authorized equipment and supplies abandoned/lost in theater

2. Cost of returning equipment to serviceable levels to include unit, intermediate and depot level maintenance or repair of equipment to return it to authorized predeployment readiness levels.

3. Cost of bringing RC personnel on Active Duty for the purposes of moving equipment from port of debarkation to the designated centralized equipment reconstitution site.

4. Replenishing ammunition and missile stocks.

5. Replenishing War Reserve Stocks.

6. Replenishing prepositioned stocks and equipment.

7. Other reconstitution costs not categorized above.

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